

GOVERNMENT OF THE DISTRICT OF COLUMBIA




OFFICE OF THE INSPECTOR GENERAL

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MEMORANDUM

TO: Gregory P. Irish, Director
Department of Employment Services

FROM: E. Barrett Prettyman, Jr. 
Inspector General

DATE: January 29, 1999

SUBJECT: Management Alert Letter on Year 2000 Business
Continuity and Contingency Planning (OIG-10-99CF)

The Office of the Inspector General has prepared this management alert letter to advise you of the urgent need of developing a Year 2000 (Y2K) Business Continuity and Contingency Plan for the Department of Employment Services (DOES). Despite the efforts to install the new District's Unemployment Tax Accounting System (DUTAS), DOES is vulnerable to disruption of business processes that will affect its ability to deliver critical services.

OBSERVATIONS

In our current ongoing review of DUTAS, we found that DOES has not developed a Y2K contingency plan for providing uninterrupted services for collecting unemployment taxes and paying unemployment benefits in the event DUTAS and the District Unemployment Compensation Accounting System (DUCAS) fail to work.

We have reviewed the contractor's system development process and believe that DUTAS will be delivered to meet DOES specifications. However, the scheduled implementation date of DUTAS has been moved from July 1999 to October 1999 because of unresolved technical and procurement problems. Based on our discussions with members of the DUTAS project team and the development contractor, we found that there is an assumption that the unemployment systems (both DUTAS and DUCAS) will be implemented and operational by January 1, 2000. These assumptions are based on the belief that DUTAS and DUCAS will be transferred to the Department of Human Services (DHS) data center without any technical problems arising; that the installation of a local area network and the connectivity between DOES and DHS will be established without problems; and that all external systems interfaces will become operational without a Y2K induced failure or other operational/technical problems.

The risks that are associated with the DOES assumptions could result in an unacceptable level of service. To minimize these risks, DOES must have a business continuity and contingency plan developed and tested well before September 30, 1999 (end of the fiscal year).

The development of such a plan will provide a basis to produce a minimum acceptable level of services in the event of systems related failures or other unforeseen operational problems.

The GAO published a guide on a structured approach to the development of business continuity and contingency plans. The guide describes a four-phase project structure. The phases are:

1. Initiation: Establish a business continuity project work group and develop high-level business continuity planning strategy. Develop a master schedule and milestones, and obtain executive support.
2. Business Impact Analysis: Assess the potential impact of mission-critical system failures of your core business processes. Define a Y2K failure or process interruption scenario, and perform a risk and impact analysis of the failure or interruption. Define minimum acceptable levels of service for each core business process.
3. Contingency Planning: Identify and document contingency plans and implementation modes. Define triggers for activating the continuity plans, and establish a business resumption team for each core business process.
4. Testing: Validate the agency's business continuity strategy. Develop and document contingency test plans. Prepare and execute tests. Update the plans as needed.

If a business continuity and contingency plan is not developed, DOES will not be prepared for the potential crisis of a Y2K induced failure or other operational problems. Additionally, there would be no plan to assist in the restoration of normal service at the earliest possible time in the most cost-effective manner.

RECOMMENDATION

We recommend that DOES, in coordination with the Office of the Chief Technology Office, immediately begin the development of business continuity and contingency plans that will outline in specific detail how DOES will operate in the event that Y2K induced failures or other operational problems occur.

The subject matter discussed in this management alert is still under review. Accordingly, you are requested to provide its contents only to management personnel within the Government of the District of Columbia responsible for administering the area discussed. The contents of this management alert letter should not be given out without the consent and approval of the Inspector General. Please let us know the action you have taken or plan to take on the matter by February 10, 1999.

Gregory P. Irish, Director
Department of Employment Services
January 29, 1999
Management Alert Letter on Year 2000 Business Continuity and
Contingency Planning (OIG-10-99CF)
Page 3 of 3

Should you have any questions about information contained in this management alert, please call me at the above number, or John N. Balakos, Assistant Inspector General for Audits, at 727-9749.

cc: Suzanne J. Peck, Chief Technology Officer